

## Message Text

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44

ORIGIN L-01

INFO OCT-01 SS-14 ISO-00 ARA-06 SSO-00 NSC-05 NSCE-00

INR-05 INRE-00 CIAE-00 SP-02 EB-03 OES-02 H-01 OMB-01

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DRAFTED BY L:SMSCHWEBEL:HS

APPROVED BY L:SMSCHWEBEL

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FM SECSTATE WASHDC

TO AMEMBASSY QUITO IMMEDIATE

C O N F I D E N T I A L STATE 240701

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, PFOR, EC

SUBJECT: GULF DISPUTE

REF: STATE 239761

1. CONFIRMING TELECON BETWEEN AMBASSADOR AND GRUNWALD/  
SCHWEBEL OF SEPT. 28, THE FOLLOWING CHANGES IN THE TEXT OF  
THE DRAFT BY GULF OF THE GOE LETTER OF ASSURANCE SET OUT  
PARA. 1 OF REFTEL WERE MADE:

(A) SECOND PARA., SUBPARA. NUMBERED 1: DELETE THE  
NUMBER 1 AND INSERT, AFTER "UNRECOVERED INVESTMENTS" THE  
PHRASE, IN COMMAS: "INCLUDING INVENTORIES".

(B) SECOND PARA., SUBPARA. NUMBERED 2: DELETE WHOLE  
OF SUBPARA.

(C) INSERT A NEW PARA. AFTER THIRD PARA. AS FOLLOWS:  
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"THE OUTSTANDING INDEBTEDNESS OF GULF AND OF THE GOVERN-

MENT OF ECUADOR AND ITS ENTITIES RESPECTIVELY SHALL BE SATISFIED. IN THE EVENT THAT THE PARTIES CANNOT AGREE AS TO THE AMOUNT OR VALIDITY OF AN INDEBTEDNESS, THE PARTIES WILL SUBMIT THEIR DIFFERENCES TO THE INTERNATIONAL CHAMBER OF COMMERCE IN PARIS FOR DETERMINATION. UPON SETTLEMENT OF OUTSTANDING INDEBTEDNESS, ALL OTHER CLAIMS SHALL BE DEEMED EXTINGUISHED."

(D) THE PARA. READING: "THE EFFECTIVE DATE OF TRANSFER SHALL BE 24:00 HOURS, 31 DECEMBER 1976" SHOULD SUBSTITUTE FOR "24:00 HOURS": "CLOSE OF BUSINESS".

(E) OTHERWISE, ALL CHANGES PROPOSED BY DEPT. SET OUT IN PARA. 2 OF REFTEL WERE ACCEPTED BY GULF.

2. IT WAS FURTHER AGREED THAT, AS AN ALTERNATIVE TO SECOND SENTENCE OF PARA. 1(C) ABOVE, EMBASSY COULD IN ITS DISCRETION PROPOSE: "IN THE EVENT THAT THE PARTIES CANNOT AGREE AS TO THE AMOUNT OR VALIDITY OF AN INDEBTEDNESS, THE PARTIES WILL SUBMIT THEIR DIFFERENCES TO A SUITABLE THIRD PARTY FOR DETERMINATION. SHOULD THE PARTIES NOT BE ABLE TO AGREE UPON SUCH A THIRD PARTY, WITHIN 15 DAYS OF EITHER PARTY SENDING THE OTHER A NOTICE OF DIFFERENCE OVER AN INDEBTEDNESS, EACH SHALL NAME AN EXPERT AND THE TWO EXPERTS SHALL AGREE UPON A THIRD EXPERT. THE THREE EXPERTS SHALL DETERMINE THE DIFFERENCES SUBMITTED TO THEM BY MAJORITY VOTE."

3. IT WAS FURTHER AGREED THAT THE EMBASSY SHALL HAVE DISCRETION TO PROPOSE, IN LIEU EITHER OF SUBPARA. 1(C) ABOVE OR ALTERNATIVE CONTAINED IN PARA. 2 ABOVE THE WHOLE OF THE TEXT OF ANNEX NO. 1 CONTAINED IN PARA. 1 OF REFTEL. IN THAT EVENT, THE DELETION SPECIFIED IN PARA. 1(B) OF THIS MESSAGE WOULD BE RESTORED.

4. IN RESPECT OF THE INTERNATIONAL CHAMBER OF COMMERCE, EMBASSY MIGHT WISH TO NOTE TO GOE THAT, IN CURRENT MARCONA SETTLEMENT, PERU HAS AGREED TO REFER CERTAIN DISPUTES THAT MAY ARISE UNDER AN ORE CONTRACT TO THAT BODY, AS DID VENEZUELA IN CONNECTION WITH PETROLEUM  
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EXPROPRIATION.

5. AS ALSO NOTED IN TELECON, GULF'S POSITION ON PAYMENTS BY IT TO GOE IS AS FOLLOWS:

(A) THERE WILL BE CREDITED TO THE PAST DUE SPECIAL ACCOUNT THE AMOUNT WHICH GULF HAS PAID IN ADVANCE ON LIFTINGS.

(B) THE BALANCE THEN REMAINING IN THE PAST DUE ACCOUNT WILL BE PAID IN FULL IN CASH TO ECUADOR BY OCT. 1, AT WHICH TIME IT WILL AMOUNT TO ABOUT \$22.5 MILLION.

(C) ALL DEPOSITS FOR FUTURE LIFTINGS OF OIL WILL BE MADE IN THE NORMAL WAY, BENEFITTING FROM THE 120 DAY CREDIT PERIOD.

(C) ASSUMING THAT ADVANCE PAYMENTS WILL BE CREDITED TO THE PAST DUE ACCOUNT, EACH OF SUCH PAYMENTS WILL BE MADE ANEW WHEN THEY BECOME DUE, I.E., 120 DAYS FROM SHIPMENT.

(E) WHEN PURCHASE OF GULF'S ASSETS IS FINALLY SETTLED, ANY BALANCE FROM THE CREDIT FOR ADVANCE PAYMENTS WHICH IS STILL UNPAID TO ECUADOR WILL THEN BE PAID AS PART OF THE WRAP-UP OF ALL OBLIGATIONS. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** Z  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM PRODUCTION, TEXT, AGREEMENT DRAFT, TRADE COMPLAINTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 SEP 1976  
**Decaption Date:** 28 MAY 2004  
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**Disposition Date:** 28 MAY 2004  
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**TAGS:** ENRG, PFOR, EC, US, GULF  
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